

FOOD FOR A *Better World*

FINANCIAL REPORT 2025



KaWan
KAWAN FOOD BERHAD

200401001942 (640445-V)





FINANCIAL STATEMENTS

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KAWAN FOOD BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are manufacturing, sale, exporting, trading and distribution of frozen food products, investment property, investment holding activities, rental of trucks, engaged in the beverage industry, specialises in manufacturing, trading, distributing, importing and exporting concentrated syrups of various flavors as well as frozen fruit juices and information technology.

RESULTS

	Group RM	Company RM
Profit for the financial year	<u>8,121,908</u>	<u>24,333,937</u>

In the opinion of the directors, the financial results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividend declared and paid by the Company since the end of previous financial year was as follows:

In respect of the financial year ended 31 December 2025, an interim single tier dividend of 1.0 sen per ordinary share totalling RM3,396,023 was declared on 28 August 2025 and paid on 8 October 2025.

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

During the financial year, the Company repurchased 3,088,800 of its issued ordinary shares from the open market at an average price of RM1.58 per share.

There was no resale, cancellation or distribution of treasury shares during the financial year.

As at 31 December 2025, the Company held 24,434,300 treasury shares at a carrying amount of RM43,271,859.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employees' Share Option Scheme ("ESOS").

At an extraordinary general meeting held on 31 May 2018, the Company's shareholders approved the establishment of the ESOS of not more than 15% of the issued share capital of the Company to eligible employees of the Group and of the Company.

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

The salient features of the ESOS are, inter alia, as follows:

- (i) The ESOS shall be in force for a period of five (5) years commencing from the effective date on or before the expiry thereof, the Board of Directors shall have the sole and absolute discretion upon recommendation of the ESOS Committee, without the Company's shareholders' approval in a general meeting, to extend in writing the tenure of the ESOS for another five (5) years, or such shorter period as it deems fit immediately from the expiry of the first five (5) years, the ESOS shall not in aggregate exceed ten (10) years from the effective date of 2 October 2018 or such longer period as may be allowed by the relevant authorities;

On 20 March 2023, the Company had announced the extension of the duration of the ESOS for another 5 years from 2 October 2024 to 1 October 2028.

- (ii) As of the date of offer, an employee who fulfils the following conditions shall be eligible to participate in the ESOS:
 - (a) has attained eighteen (18) years of age;
 - (b) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (c) must have been confirmed in service and have served at least six (6) months in the employment of the Group and of the Company;
 - (d) the employee is under an employment contract, which the contract is for a duration of at least one (1) year and shall have not expired within three (3) months from the date of offer; and
 - (e) has fulfilled any other criteria as may be imposed by the ESOS Committee from time to time.

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

The salient features of the Scheme are, inter alia, as follows: (continued)

- (iii) The exercise price shall be determined by ESOS Committee and shall be based on the five (5)-day Volume Weighted Average Market Price (“VWAMP”) of the Company’s shares immediately preceding the date of offer, with a discount, if any, the such discount shall not be more than ten percent (10%);
- (iv) The shares issued and allocated pursuant to the exercise of the options shall, upon issuance and allotment rank pari-passu in all respects with the then existing shares and be entitled to all rights (including voting, dividend, allotment, distribution, transfer and other rights, as well as those arising on a liquidation of the Company) attaching to the then existing shares, save and except that new shares so issued and allocated will not be entitled to any dividends, rights, allotments or other forms of distribution which may be declared, made or paid, for which entitlement date is prior to the date allotment of such new shares; and
- (v) The eligible employees shall be entitled to exercise such number of the vested options within the option period and they shall have no right to exercise all or any of the options that have been granted but not vested to them.

The options offered to take up unissued ordinary shares is as follows:

Date of grant	Expiry date	Number of options over ordinary shares				At 31.12.2025
		At 1.1.2025	Granted	Exercised	Recycled	
16.10.2023	31.12.2026	22,741,148	-	-	(2,505,879)	20,235,269
18.12.2023	31.12.2026	1,800,000	-	-	-	1,800,000
19.9.2024	31.12.2027	2,835,000	-	-	(645,000)	2,190,000
28.8.2025	31.12.2028	-	2,280,000	-	-	2,280,000
		<u>27,376,148</u>	<u>2,280,000</u>	<u>-</u>	<u>(3,150,879)</u>	<u>26,505,269</u>

DIRECTORS OF THE COMPANY

The directors of the Company who held office during the financial year until the date of this report are:

Lim Hun Soon @ David Lim

Gan Ka Bien

Dr. Nik Ismail Bin Nik Daud

Eugene Hon Kah Weng

Gan Ka Hui

Gan Meng Hoi

Noor Alina Binti Mohamad Faiz

Gan Ka Ooi

Gan Thiam Chai

(appointed on 9 April 2025)

Neel Naresh Nagrecha

(appointed on 24 February 2025)

Abdul Razak Bin Shakor

(retired on 23 June 2025)

DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of directors of the subsidiaries during the financial year and up to the date of this report, excluding those who are already listed above are:

Gan Thiam Hock

Kwan Sok Kay

Lau Wing Hon

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the benefits shown under directors' remuneration) by reason of a contract made by the Company or a related corporation with a director or with a firm of which a director is a member or with a company in which the director has a substantial financial interest, other than certain directors, and the spouse of a director and children of certain directors who have significant financial interests in companies which traded with certain companies within the Group in the ordinary course of business as disclosed in Note 37 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS

The directors holding office during the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2025 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 were as follows:

	Number of ordinary shares			
	At 1.1.2025/ date of appointment	Acquired	(Disposed)	At 31.12.2025
THE COMPANY				
Direct interest				
Lim Hun Soon @ David Lim	10,137,028	-	-	10,137,028
Gan Ka Bien	242,440	-	-	242,440
Gan Meng Hoi	462,000	-	-	462,000
Gan Thiam Chai	1,021,000	-	-	1,021,000
Deemed interest				
Gan Thiam Chai	126,257,402	-	-	126,257,402

	Number of share options over ordinary shares			
	At 1.1.2025	Granted	Exercised	At 31.12.2025/ date of retirement
THE COMPANY				
Direct interest				
Lim Hun Soon @ David Lim	450,000	-	-	450,000
Dr. Nik Ismail Bin Nik Daud	450,000	-	-	450,000
Eugene Hon Kah Weng	450,000	-	-	450,000
Gan Ka Bien	4,557,560	-	-	4,557,560
Gan Meng Hoi	102,000	-	-	102,000
Abdul Razak Bin Shakor	450,000	-	-	450,000

By virtue of their interests in the shares of the Company, the directors are also deemed to be interested in the shares of all the subsidiaries to the extent that the Company has an interest.

None of the other directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations.

DIRECTORS' REMUNERATION

The amount of remuneration of the directors or past directors of the Company comprising remuneration received/receivable from the Company and the subsidiaries during the financial year are as follows:

	Group RM	Company RM
Executive directors		
Fees	138,222	138,222
Salaries and bonuses	3,127,270	-
Defined contribution benefits	344,517	-
Benefits-in-kind	287,849	-
Meeting allowances	25,500	25,500
Other Remuneration	4,000	4,000
	<u>3,927,358</u>	<u>167,722</u>
Non-executive directors		
Fees	1,372,614	900,302
Benefits-in-kind	30,131	27,142
Meeting allowances	193,500	193,500
Other Remuneration	60,413	9,425
	<u>1,656,658</u>	<u>1,130,369</u>
	<u>5,584,016</u>	<u>1,298,091</u>

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and the officers of the Group and of the Company are RM20,000,000 and RM35,920 respectively.

No indemnity has been given to or insurance premium paid, during or since the end of financial year, for the auditors of the Group and of the Company.

SUBSIDIARY COMPANIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

AUDITORS' REMUNERATION

The amounts paid to or receivable by the auditors as remuneration for their services as auditors are as follows:

	Group RM	Company RM
Auditors' remuneration:		
- audit fees	272,425	65,700
- non-audit fees	8,000	8,000
	<u>280,425</u>	<u>73,700</u>

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that the current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would require the write off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
 - (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the Group's and the Company's financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the operations of the Group and of the Company for the current financial year.

Registration No.	200401001942 (640445-V)
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AUDITORS

The auditors, RSM Malaysia PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

GAN THIAM CHAI

GAN KA BIEN

Selangor

29 April 2026

KAWAN FOOD BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

		Group			Company	
		31.12.2025	Restated 31.12.2024	Restated 01.01.2024	31.12.2025	31.12.2024
	Note	RM	RM	RM	RM	RM
ASSETS						
Non-current assets						
Property, plant and equipment	6	175,916,633	190,039,186	191,475,010	-	-
Right-of-use assets	7	16,277,755	16,748,863	16,886,380	-	-
Investment properties	8	7,410,415	7,556,253	7,702,092	-	-
Investments in subsidiaries	9	-	-	-	60,973,346	63,685,397
Investment in a joint venture	10	-	2,238,674	2,600,000	-	-
Other investments	11	-	-	-	122,000,000	122,000,000
Deferred tax assets	12	686,098	686,098	540,919	-	-
Total non-current assets		200,290,901	217,269,074	219,204,401	182,973,346	185,685,397
Current assets						
Other investments	11	7,816,903	8,377,211	9,240,224	-	-
Trade and other receivables	13	81,920,385	110,797,926	78,682,061	5,296,800	5,325,532
Inventories	14	39,220,248	37,399,506	36,429,562	-	-
Current tax assets		3,712,618	1,358,585	3,106,097	122,302	503,053
Prepayments		6,944,939	6,550,387	5,345,260	37,989	40,326
Cash and bank balances and short-term investments	15	98,399,837	71,520,511	104,301,693	32,101,877	9,896,601
Total current assets		238,014,930	236,004,126	237,104,897	37,558,968	15,765,512
TOTAL ASSETS		438,305,831	453,273,200	456,309,298	220,532,314	201,450,909
EQUITY AND LIABILITIES						
Equity						
Share capital	16	187,531,472	187,531,472	184,889,706	187,531,472	187,531,472
Treasury shares	17	(43,271,859)	(38,380,837)	(24,244,909)	(43,271,859)	(38,380,837)
Reserves	18	234,873,119	236,286,537	228,073,553	65,023,093	49,992,651
		379,132,732	385,437,172	388,718,350	209,282,706	199,143,286
Non-controlling interests		147,514	-	-	-	-
TOTAL EQUITY		379,280,246	385,437,172	388,718,350	209,282,706	199,143,286

KAWAN FOOD BERHAD
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STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025 (CONTINUED)

		Group			Company	
	Note	31.12.2025	Restated 31.12.2024	Restated 01.01.2024	31.12.2025	31.12.2024
		RM	RM	RM	RM	RM
LIABILITIES						
Non-current liability						
Deferred tax liabilities	12	12,993,360	16,018,769	13,005,719	-	-
Total non-current liability		12,993,360	16,018,769	13,005,719	-	-
Current liabilities						
Loans and borrowings	19	-	2,766,717	3,560,015	-	-
Lease liabilities	20	7,045	-	-	-	-
Trade and other payables	21	45,059,103	49,050,542	50,833,424	11,249,608	2,307,623
Current tax liabilities		966,077	-	191,790	-	-
Total current liabilities		46,032,225	51,817,259	54,585,229	11,249,608	2,307,623
TOTAL LIABILITIES		59,025,585	67,836,028	67,590,948	11,249,608	2,307,623
TOTAL EQUITY AND LIABILITIES		438,305,831	453,273,200	456,309,298	220,532,314	201,450,909

The annexed notes form an integral part of the financial statements.

KAWAN FOOD BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Note	Group		Company	
		31.12.2025 RM	Restated 31.12.2024 RM	31.12.2025 RM	31.12.2024 RM
REVENUE	22	252,938,934	317,548,594	29,096,800	44,365,099
COST OF SALES		<u>(182,503,358)</u>	<u>(218,514,207)</u>	<u>-</u>	<u>-</u>
GROSS PROFIT		70,435,576	99,034,387	29,096,800	44,365,099
OTHER INCOME	23	5,031,853	6,683,999	214,772	-
SELLING AND DISTRIBUTION EXPENSES		(27,323,572)	(28,511,923)	-	-
ADMINISTRATIVE EXPENSES		(28,705,842)	(34,759,981)	(2,485,550)	(2,796,258)
NET LOSS ON FOREIGN EXCHANGE		(6,954,305)	(2,020,826)	(2,636,467)	(728,149)
NET (LOSS)/GAIN ON IMPAIRMENT OF FINANCIAL ASSETS		<u>(1,128,555)</u>	<u>207,114</u>	<u>-</u>	<u>-</u>
PROFIT FROM OPERATING ACTIVITIES		11,355,155	40,632,770	24,189,555	40,840,692
FINANCE INCOME	24	761,088	1,199,590	154,391	98,535
FINANCE COSTS	25	(200,167)	(311,215)	(3,081)	(53,832)
SHARE OF LOSS OF A JOINT VENTURE	10	<u>(179,827)</u>	<u>(361,326)</u>	<u>-</u>	<u>-</u>
PROFIT BEFORE TAXATION	26	11,736,249	41,159,819	24,340,865	40,885,395
TAXATION	27	(3,614,341)	(9,508,875)	(6,928)	(11,133)
PROFIT FOR THE FINANCIAL YEAR		<u>8,121,908</u>	<u>31,650,944</u>	<u>24,333,937</u>	<u>40,874,262</u>

KAWAN FOOD BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

	Note	Group		Company	
		31.12.2025 RM	Restated 31.12.2024 RM	31.12.2025 RM	31.12.2024 RM
OTHER COMPREHENSIVE LOSS, NET OF TAX: NET OF TAX:					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign operations	28	<u>(384,317)</u>	<u>(474,954)</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u><u>7,737,591</u></u>	<u><u>31,175,990</u></u>	<u><u>24,333,937</u></u>	<u><u>40,874,262</u></u>
Profit attributable to:					
Owners of the Company		8,274,394	31,650,944	24,333,937	40,874,262
Non-controlling interests		<u>(152,486)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u><u>8,121,908</u></u>	<u><u>31,650,944</u></u>	<u><u>24,333,937</u></u>	<u><u>40,874,262</u></u>
Total comprehensive income attributable to:					
Owners of the Company		7,890,077	31,175,990	24,333,937	40,874,262
Non-controlling interests		<u>(152,486)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u><u>7,737,591</u></u>	<u><u>31,175,990</u></u>	<u><u>24,333,937</u></u>	<u><u>40,874,262</u></u>
		31.12.2025 sen	31.12.2024 sen		
EARNINGS PER ORDINARY SHARE:					
- Basic	29	<u><u>2.32</u></u>	<u><u>9.10</u></u>		
- Diluted	29	<u><u>2.21</u></u>	<u><u>8.48</u></u>		

The annexed notes form an integral part of the financial statements.

KAWAN FOOD BERHAD
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**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

Group	Note	Attributable to owners of the Company				Sub total RM	Non controlling interest RM	Total equity RM
		Non-distributable		Distributable				
		Share capital RM	Translation reserve RM	Share option reserve RM	Treasury shares RM	Retained earnings RM Restated		
	38	184,889,706	8,147,741	2,190,502	(24,244,909)	222,182,721	-	393,165,761
		-	-	-	-	(4,447,411)	-	(4,447,411)
		184,889,706	8,147,741	2,190,502	(24,244,909)	217,735,310	-	388,718,350
	38	-	-	-	-	31,417,999	-	31,417,999
		-	(474,954)	-	-	(474,954)	-	(474,954)
		-	-	-	-	232,945	-	232,945
		-	(474,954)	-	-	31,650,944	-	31,175,990
		-	-	-	-	-	-	-
	30	187,531,472	7,672,787	3,617,870	(38,380,837)	224,995,880	-	385,437,172
		-	-	-	-	(24,390,374)	-	(24,390,374)
	16	2,641,766	-	-	-	-	-	2,641,766
	18	-	-	1,427,368	-	-	-	1,427,368
	17	-	-	-	(14,135,928)	-	-	(14,135,928)
		2,641,766	-	1,427,368	(14,135,928)	(24,390,374)	-	(34,457,168)
		187,531,472	7,672,787	3,617,870	(38,380,837)	224,995,880	-	385,437,172
		-	(384,317)	-	-	8,274,394	(152,486)	8,121,908
		-	(384,317)	-	-	(384,317)	-	(384,317)
		-	(384,317)	-	-	8,274,394	(152,486)	7,737,591
	30	-	-	-	-	(10,197,753)	-	(10,197,753)
		-	-	-	-	-	300,000	300,000
	18	-	-	894,258	-	-	-	894,258
	17	-	-	-	(4,891,022)	-	-	(4,891,022)
		-	-	894,258	(4,891,022)	(10,197,753)	300,000	(13,894,517)
		187,531,472	7,288,470	4,512,128	(43,271,839)	223,072,521	147,514	379,280,246

KAWAN FOOD BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

		<i>Non-distributable</i>		<i>Distributable</i>		
	Note	Share capital RM	Share option reserve RM	Treasury shares RM	Retained earnings RM	Total equity RM
Company						
Balance as at 31.12.2023/1.1.2024		184,889,706	2,190,502	(24,244,909)	29,890,893	192,726,192
Profit and total comprehensive income for the financial year		-	-	-	40,874,262	40,874,262
Contributions by and distributions to owners						
- dividend to owners of the Company	30	-	-	-	(24,390,374)	(24,390,374)
- issuance of ordinary shares pursuant to ESOS	16	2,641,766	-	-	-	2,641,766
- share options granted under ESOS	18	-	1,427,368	-	-	1,427,368
- share buy-back	17	-	-	(14,135,928)	-	(14,135,928)
Total transactions with owners of the Company		2,641,766	1,427,368	(14,135,928)	(24,390,374)	(34,457,168)
Balance as at 31.12.2024		187,531,472	3,617,870	(38,380,837)	46,374,781	199,143,286
Profit and total comprehensive income for the financial year		-	-	-	24,333,937	24,333,937
Contributions by and distributions to owners						
- dividend to owners of the Company	30	-	-	-	(10,197,753)	(10,197,753)
- share options granted under ESOS	18	-	894,258	-	-	894,258
- share buy-back	17	-	-	(4,891,022)	-	(4,891,022)
Total transactions with owners of the Company		-	894,258	(4,891,022)	(10,197,753)	(14,194,517)
Balance as at 31.12.2025		187,531,472	4,512,128	(43,271,859)	60,510,965	209,282,706

The annexed notes form an integral part of the financial statements.

KAWAN FOOD BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		31.12.2025 RM	Restated 31.12.2024 RM	31.12.2025 RM	31.12.2024 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		11,736,249	41,159,819	24,340,865	40,885,395
Adjustments for:					
Depreciation of investment properties	8	145,838	145,839	-	-
Depreciation of property, plant and equipment	6	20,397,231	18,783,706	-	-
Depreciation of right-of-use assets	7	333,182	338,638	-	-
Property, plant and equipment written off	26	3,409	1,451,034	-	-
Dividends income	22	-	-	(29,096,800)	(44,365,099)
Employees' share options scheme expenses	26	894,258	1,427,368	894,258	1,427,368
Interest income	24	(761,088)	(1,199,590)	(154,391)	(98,535)
Impairment loss on investment in subsidiaries	9	-	-	207,351	1,001,571
Impairment loss on trade receivables	26	1,996,695	396,188	-	-
Impairment loss on investment in joint venture	10	2,058,847	-	-	-
Reversal of impairment loss on trade receivables	26	(868,140)	(603,302)	-	-
Provision for slow moving inventories	14	-	4,603,496	-	-
Provision for slow moving inventories no longer required	14	(500,143)	(2,713,547)	-	-
Inventories written off	14	1,134,363	3,052,750	-	-
Interest expense	25	25,950	117,318	-	-
Loss on disposal of property, plant and equipment	26	137,471	1,912,371	-	-
Loss on disposal of investment in quoted shares	26	-	385,380	-	-
Fair value loss on financial assets	26	560,308	477,633	-	-
Unrealised loss/(gain) on foreign exchange	26	2,857,507	(1,199,356)	2,636,467	728,149
Share of loss in a joint venture	26	179,827	361,326	-	-
Operating profit/(loss) before working capital changes		40,331,764	68,897,071	(1,172,250)	(421,151)
Movement in inventories		(2,454,962)	(5,970,254)	-	-
Movement in trade and other receivables, prepayments and other financial assets		20,733,329	(32,896,889)	102,404	(46,580)
Movement in trade and other payables		(922,353)	(67,785)	(4,217,634)	(92,367)
Cash generated from/(used in) operations		57,687,778	29,962,143	(5,287,480)	(560,098)
Dividends received		-	-	29,096,800	44,365,099
Income tax paid		(10,819,511)	(7,061,258)	(55,363)	(71,056)
Income tax refunded		2,791,907	1,120,751	429,186	1,084,000
Interest paid	25	(25,950)	(117,318)	-	-
Interest received	24	761,088	1,199,590	154,391	98,535
Net cash generated from operating activities		50,395,312	25,103,908	24,337,534	44,916,480

KAWAN FOOD BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	Note	Group		Company	
		31.12.2025 RM	Restated 31.12.2024 RM	31.12.2025 RM	31.12.2024 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(71,335)	(72,165)
Repayment from subsidiaries		-	-	13,159,620	(11,457,927)
Proceeds from disposal of property, plant and equipment		189,207	2,974,318	-	-
Issuance of shares in subsidiary		300,000	-	-	-
Purchase of property, plant and equipment		(6,493,327)	(25,659,715)	-	-
Net cash (used in)/ generated from investing activities		<u>(6,004,120)</u>	<u>(22,685,397)</u>	<u>13,088,285</u>	<u>(11,530,092)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to owners of the Company		(10,197,753)	(24,390,374)	(10,197,753)	(24,390,374)
Issuance of new shares		-	2,641,766	-	2,641,766
Repayment of loans and borrowings		(2,766,717)	(634,517)	-	-
Share buy-back		(4,891,022)	(14,135,928)	(4,891,022)	(14,135,928)
Net cash used in financing activities		<u>(17,855,492)</u>	<u>(36,519,053)</u>	<u>(15,088,775)</u>	<u>(35,884,536)</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		26,535,700	(34,100,542)	22,337,044	(2,498,148)
Effect of foreign exchange differences		343,626	1,319,360	(131,768)	(97,865)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		<u>71,520,511</u>	<u>104,301,693</u>	<u>9,896,601</u>	<u>12,492,614</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	15	<u>98,399,837</u>	<u>71,520,511</u>	<u>32,101,877</u>	<u>9,896,601</u>

KAWAN FOOD BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

NOTES TO THE STATEMENTS OF CASH FLOWS

The reconciliation of liabilities arising from financing activities is as follows:

	Note	Group		Company	
		31.12.2025 RM	Restated 31.12.2024 RM	31.12.2025 RM	31.12.2024 RM
Term loans					
At 1 January		-	-	-	-
<i>Cash flows:</i>					
Interest paid	25	(25,950)	(117,318)	-	-
Repayments of borrowings		(2,766,717)	(634,517)	-	-
<i>Non-cash changes:</i>					
Interest charged during the financial year	25	25,950	117,318	-	-
Effect of movements in exchange rate		(14,736)	(158,781)	-	-
At 31 December		<u>(2,781,453)</u>	<u>(793,298)</u>	<u>-</u>	<u>-</u>
Cash outflows for leases as lessee					
<i>Included in net cash from operating activities:</i>					
Payment relating to short-term leases	26	827,490	993,422	-	-
Total cash outflows for leases		<u>827,490</u>	<u>993,422</u>	<u>-</u>	<u>-</u>

The annexed notes form an integral part of the financial statements.

KAWAN FOOD BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

1. PRINCIPAL ACITIVITIES

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are manufacturing, sale, exporting, trading and distribution of frozen food products, investment property, investment holding activities, rental of trucks, engaged in the beverage industry, specialises in manufacturing, trading, distributing, importing and exporting concentrated syrups of various flavors as well as frozen fruit juices and information technology.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards (“MFRSs”) issued by the Malaysian Accounting Standards Board (“MASB”), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

3. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the directors’ best knowledge of events and actions, actual results could differ from those estimates.

(b) Basis of consolidation

(i) Subsidiaries

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are measured in the Company’s statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as equity accounted investee or as a financial asset at FVPL depending on the level of influence retained.

(iv) Joint arrangements

A joint arrangement (i.e. either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the Group is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Basis of consolidation (continued)

(iv) Joint arrangements (continued)

Jointly controlled entities are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution (or included in a disposal group that is classified as held for sale or distribution). The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted joint ventures, after adjustments, if any, to align the accounting policies with those of the Group, from the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the joint venture.

Joint venture is an entity over which the Group has the power to participate in its financial and operating policy decisions, but which is not control or joint control. Joint venture is accounted for using the equity method of accounting.

Investment in a joint venture is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the owners of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Basis of consolidation (continued)

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia (“RM”)

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Group and of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in a joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Financial instruments

(i) Financial assets

For the purpose of subsequent measurement, the Group or the Company classify financial assets into two measurement categories, namely: (i) financial assets at amortised cost (“AC”) and (ii) financial assets at fair value through profit or loss (“FVPL”). The classification is based on the Group’s and the Company’s business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Group and the Company measure financial assets, as follows:

(i) Financial assets at AC

A financial asset is measured at AC if: (a) it is held within the Group’s and the Company’s business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(ii) Financial assets at FVPL

A financial asset is measured at FVPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC model.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 3(j)(i).

(ii) Financial liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method, except for:

Financial guarantee contracts is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of: (a) the amount of the loss allowance; and (b) the amount initially recognised less, when appropriate, the cumulative of income recognised in accordance with the principles in MFRS 15 *Revenue from Contracts with Customers*.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Financial instruments (continued)

(iii) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, interest income and interest expense are recognised in profit or loss using the effective interest method. A gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

(iv) Equity investments

The Group measures all equity investments at fair value. For equity investments at FVPL, changes in fair value are recognised in profit or loss. Where the Group has elected to present the changes in fair value in other comprehensive income, the amounts presented are not subsequently transferred to profit or loss when the equity investments are derecognised. The cumulative gains or losses is transferred to retained profits instead. The election is made on an instrument-by-instrument basis and it is irrevocable. The amount presented in other comprehensive income includes the related foreign exchange gains or losses.

Dividend income from equity investments at FVPL and fair value through other comprehensive income (“FVOCI”) is recognised in profit or loss as other income when the Group's right to receive payment has been established.

Changes in the fair value of equity investments at FVPL are recognised in other income or expenses, as applicable, in the profit or loss. Impairment losses or reversal of impairment losses on equity instruments measured at FVOCI are recognised in other comprehensive income and are not reported separately from other changes in fair value.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “administrative expenses” respectively in profit or loss.

(ii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use.

The estimated useful lives of other property, plant and equipment for the current and previous years are as follows:

Buildings	40 to 50 years
Apartments	50 years
Motor vehicles	5 to 10 years
Furniture, fittings and office equipment	3 to 10 years
Plant and machinery	10 years
Renovation	10 years
Signage	10 years

Capital work in progress is not depreciated until the assets are ready for their intended use.

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Leases

(i) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Leases (continued)

(i) Recognition and initial measurement (continued)

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

(ii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on straight-line basis over the lease term as part of "other income".

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Leases (continued)

(iii) Depreciation

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Leasehold lands are amortised over the remaining lease periods ranging from 63 to 79 years (2024: 64 to 80 years).

The estimated useful life of leased assets for the current and previous years are as follows:

Prepaid lease payment	31 years (2024: 32 years)
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(g) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and leasehold land which in substance is a lease held for a currently undetermined future use. Properties that are occupied by the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are measured at cost are accounted for similarly to property, plant and equipment.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-constructed investment properties includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(g) Investment properties (continued)

(i) Investment properties carried at cost (continued)

An investment property is derecognised on disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 50 years for buildings and over the remaining lease periods of 82 years for leasehold land. Freehold land is not depreciated.

(ii) Determination of fair value

The directors estimate the fair values of the Group's investment properties without the involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash with insignificant risk of changes in fair value.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit losses, except for cash and bank balance. Loss allowances for trade receivables is always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12 months expected losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experiences.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Impairment (continued)

(i) Financial assets (continued)

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amount of the other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units (groups of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Impairment (continued)

(ii) Other assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(k) Share-based payments

Share-based payments of the Group and of the Company are equity-settled share options granted to employees, for which an option pricing model is used to estimate the fair value at grant date. That fair value is charged on a straight-line basis as an expense in the profit or loss over the period that the employee becomes unconditionally entitled to the options (vesting period), with a corresponding increase in equity.

The number of such options is adjusted annually to reflect best estimates of those expected to vest (ignoring purely market-based conditions) with consequent changes to the expense. Equity is also increased by the proceeds receivable, as and when employees choose to exercise their options.

If the Group and the Company modify the terms and conditions on which the equity instruments were granted, as a minimum, the services received measured at the grant date fair value of the equity instruments granted (unless those equity instruments do not vest because of failure to satisfy a vesting condition other than a market condition) are charged to the profit or loss.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore the unrecognised remaining amount is recognised immediately in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(I) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the assets.

The Group transfers control of goods or services at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue is measured as the amount of consideration which the Group expects to receive, based on the list price applicable to a given distribution channel after deduction of returns, trade discounts, rebates and price promotions to consumers. The level of discounts, allowances and promotional rebates is recognised as a deduction from revenue at the time that the related sales are recognised or when the rebate is offered to the customer (or consumer if applicable). They are estimated using judgements based on historical experience and the specific terms of the agreements with the customers.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established.

(iii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(l) Revenue and other income (continued)

(iv) Finance income

Finance income is recognised as it accrues using the effective interest method in profit or loss except for finance income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with accounting policy on borrowing costs.

(m) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS

4.1 Amendments to MFRSs adopted

For the preparation of the financial statements, the following amendments to the MFRSs issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2025:

- Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

The adoption of the above-mentioned amendments to MFRSs has no significant impact on the financial statements of the Group and of the Company.

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (CONTINUED)

4.2 New MFRSs and amendments to MFRSs not yet effective

The following are new MFRSs and amendments to the MFRSs that have been issued by the MASB up to the date of the issuance of the Group's and the Company's financial statements but have not been adopted by the Group and the Company:

Amendments to MFRS effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures - Amendments to the Classification and Measurement of Financial Instruments*
- Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity*
- Annual Improvement to MFRS Accounting Standards - Volume 11

New MFRSs effective for annual periods beginning on or after 1 January 2027

- MFRS 18 *Presentation and Disclosure in Financial Statements*
- MFRS 19 *Subsidiaries without Public Accountability: Disclosures*
- Amendments to MFRS 19 *Subsidiaries without Public Accountability: Disclosures*
- Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency*

Amendments to MFRSs effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The directors anticipate that the above-mentioned new MFRSs and amendments to MFRSs will be adopted by the Group and the Company when they become effective.

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (CONTINUED)

4.2 New MFRSs and amendments to MFRSs not yet effective (continued)

The initial application of new MFRSs and amendments to MFRSs is not expected to have any significant impact on the financial statements of the Group and of the Company, except for the changes in presentation and disclosures of financial information arising from the adoption of these new MFRSs and Amendments to MFRSs as discussed below:

MFRS 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces MFRS 101 Presentation of Financial Statements, with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. The standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: “Operating profit” and “Profit before financing and income taxes”. There are also new disclosure requirements for “management-defined performance measures”, such as earnings before interest, taxes, depreciation and amortisation (“EBITDA”) or “adjusted profit”. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The Group and the Company will adopt this standard from 1 January 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Group and the Company have made significant judgements, estimates and assumptions that impact on the carrying value of certain assets, liabilities, income and expenses as well as other information reported in the notes. The Group and the Company periodically monitor such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of non-financial assets

The Group and the Company assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amount may not be recoverable. An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The carrying amount of the non-financial assets are disclosed in Notes 6 to 10 respectively.

(b) Loss allowances of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency, significant financial difficulties of the receivables, default or significant delay in payments, current economic trends and forward-looking information that is available.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(c) Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is written down to their estimated realisable value when their cost may no longer be recoverable such as when inventories are damaged or become wholly or partly obsolete or their selling prices have declined. In any case, the realisable value represents the best estimate of the recoverable amount, is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of write-downs to net realisable value include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and may materially affect the carrying amount of inventories at the reporting date (as reflected in Note 14).

6. PROPERTY, PLANT AND EQUIPMENT

Group Cost	Buildings RM	Apartments RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Plant and machinery RM	Renovations RM	Signage RM	Capital work in progress RM	Total RM
At 1 January 2024, as previously stated	121,348,500	515,912	6,860,286	16,405,928	177,434,964	8,588,466	287,029	419,066	331,860,151
Prior year adjustments	(6,904,412)	-	-	985,893	4,295,833	1,622,686	-	-	-
At 1 January 2024, as restated	114,444,088	515,912	6,860,286	17,391,821	181,730,797	10,211,152	287,029	419,066	331,860,151
Additions	-	-	-	498,863	24,262,927	896,425	1,500	-	25,659,715
Disposals	-	-	(1,437,002)	-	(15,730,068)	-	-	-	(17,167,070)
Written off	-	-	(460,714)	(165,673)	(7,261,458)	-	-	-	(7,887,845)
Effect of movements in exchange rates	(1,199,356)	-	(62,889)	(128,166)	(1,277,442)	-	-	-	(2,667,853)
Reclassification	-	-	-	-	341,990	-	-	(341,990)	-
At 31 December 2024	113,244,732	515,912	4,899,681	17,596,845	182,066,746	11,107,577	288,529	77,076	329,797,098
At 1 January 2025, as previously stated	120,149,144	515,912	4,899,681	16,610,952	177,770,913	9,484,891	288,529	77,076	329,797,098
Prior year adjustments	(6,904,412)	-	-	985,893	4,295,833	1,622,686	-	-	-
At 1 January 2025, as restated	113,244,732	515,912	4,899,681	17,596,845	182,066,746	11,107,577	288,529	77,076	329,797,098
Additions	-	-	-	906,385	2,916,762	982,008	1,500	1,686,672	6,493,327
Disposals	-	-	-	(6,183)	(3,337,298)	-	(1,500)	-	(3,344,981)
Effect of movements in exchange rates	(1,173,604)	-	(5,308)	(46,371)	188,716	-	-	-	(1,036,567)
At 31 December 2025	112,071,128	515,912	4,894,373	18,450,676	181,834,926	12,089,585	288,529	1,763,748	331,908,877

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Buildings RM	Apartments RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Plant and machinery RM	Renovations RM	Signage RM	Capital work in progress RM	Total RM
Accumulated depreciation									
At 1 January 2024, as previously stated	17,167,740	199,613	4,531,927	10,925,090	95,831,503	6,557,816	164,626	-	135,378,315
Prior year adjustments (Note 38)	(994,043)	-	-	603,772	4,052,886	861,596	-	-	4,524,211
1 January 2024, as restated	16,173,697	199,613	4,531,927	11,528,862	99,884,389	7,419,412	164,626	-	139,902,526
Charge for the financial year	2,197,523	10,741	869,918	1,301,981	13,628,856	373,612	24,722	-	18,407,353
Disposals	-	-	(1,384,803)	-	(10,895,578)	-	-	-	(12,280,381)
Written off	-	-	(403,084)	(129,824)	(5,903,903)	-	-	-	(6,436,811)
Reclassification of impairment loss	-	-	-	-	458,226	-	-	-	458,226
Effect of movements in exchange rates	(69,012)	-	(40,164)	52,957	(726,443)	-	-	-	(782,662)
Transfer from right-of-use assets	-	-	-	113,308	-	-	-	-	113,308
Prior year adjustments (Note 38)	23,397	-	-	79,088	143,698	130,170	-	-	376,353
At 31 December 2024, as restated	18,325,605	210,354	3,573,794	12,946,372	96,589,245	7,923,194	189,348	-	139,757,912
At 1 January 2025,									
as previously stated	19,296,251	210,354	3,573,794	12,263,512	92,392,662	6,931,427	189,348	-	134,857,348
Prior year adjustments (Note 38)	(970,646)	-	-	682,860	4,196,583	991,767	-	-	4,900,564
1 January 2025, as restated	18,325,605	210,354	3,573,794	12,946,372	96,589,245	7,923,194	189,348	-	139,757,912
Charge for the financial year	2,368,454	10,741	537,586	1,221,729	15,621,487	612,433	24,801	-	20,397,231
Disposals	-	-	-	(2,370)	(3,003,568)	-	-	-	(3,005,938)
Written off	-	-	32	497	(7)	(3,934)	-	-	(3,412)
Effect of movements in exchange rates	(664,009)	-	(1,632)	(530,662)	(215,657)	-	-	-	(1,411,960)
At 31 December 2025	20,030,050	221,095	4,109,780	13,635,566	108,991,500	8,531,693	214,149	-	155,733,833

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Buildings RM	Apartments RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Plant and machinery RM	Renovations RM	Signage RM	Capital work in progress RM	Total RM
Accumulated impairment loss									
1 January 2024	-	-	-	-	482,615	-	-	-	482,615
Effect of movements in exchange rates	-	-	-	-	(24,389)	-	-	-	(24,389)
Reclassification of impairment loss	-	-	-	-	(458,226)	-	-	-	(458,226)
At 31 December 2024/ 1 January 2025	-	-	-	-	-	-	-	-	-
Impairment loss for the financial year	-	-	-	-	258,411	-	-	-	258,411
At 31 December 2025	-	-	-	-	258,411	-	-	-	258,411
Carrying amounts									
At 31 December 2024	94,919,127	305,558	1,325,887	4,650,473	85,477,501	3,184,383	99,181	77,076	190,039,186
At 31 December 2025	92,041,078	294,817	784,593	4,815,110	72,585,015	3,557,892	74,380	1,763,748	175,916,633

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Apartments

The strata title for apartments with net carrying amount of RM137,608 (2024: RM142,597) have yet to be issued to a subsidiary.

(b) Security

Buildings with net carrying amount of RM Nil (2024: RM17,142,311) have been charge to licensed banks for banking facilities granted to subsidiaries (Note 19).

(c) Impairment assessment of building and right-of-use assets

During the financial year, the Company carried out reviews of the recoverable amounts of its buildings and right-of-use assets (refer to Note 7(b)) held in a subsidiary, Kawan Food (Nantong) Co. Ltd. after it ceased operations.

The recoverable amounts of buildings and right-of-use assets were arrived based on the higher of fair value less cost to sell ("FVLCS") and value in use ("VIU") method.

The recoverable amount of the buildings and right-of-use assets has been arrived at via valuations performed by certified external valuers.

The assessment concluded that the recoverable amounts of the buildings and right-of-use assets exceeded their respective carrying amounts. As such, no impairment loss was recognised during the current financial year.

7. RIGHT-OF-USE ASSETS

	Leasehold lands RM	Prepaid lease payments RM	Office equipment RM	Total RM
Group Cost				
At 1 January 2024	16,737,790	4,140,131	-	20,877,921
Effect of movements in exchange rates	-	(209,221)	-	(209,221)
At 31 December 2024/1 January 2025	16,737,790	3,930,910	-	20,668,700
Additions	-	-	7,136	7,136
Effect of movements in exchange rates	-	(204,728)	-	(204,728)
At 31 December 2025	<u>16,737,790</u>	<u>3,726,182</u>	<u>7,136</u>	<u>20,471,108</u>
Accumulated depreciation				
At 1 January 2024	2,643,566	1,347,975	-	3,991,541
Charge for the financial year	201,068	137,570	-	338,638
Transfer to property, plant and equipment	-	(113,308)	-	(113,308)
Effect of movements in exchange rates	-	(297,034)	-	(297,034)
At 31 December 2024/1 January 2025	2,844,634	1,075,203	-	3,919,837
Charge for the financial year	201,066	131,895	221	333,182
Effect of movements in exchange rates	-	(59,666)	-	(59,666)
At 31 December 2025	<u>3,045,700</u>	<u>1,147,432</u>	<u>221</u>	<u>4,193,353</u>
Carrying amounts				
At 31 December 2024	<u>13,893,156</u>	<u>2,855,707</u>	-	<u>16,748,863</u>
At 31 December 2025	<u>13,692,090</u>	<u>2,578,750</u>	<u>6,915</u>	<u>16,277,755</u>

(a) Lands

The lands are wholly related to leasehold lands with unexpired lease period of more than 50 years.

7. RIGHT-OF-USE ASSETS (CONTINUED)

(b) Prepaid lease payments

The prepaid lease payments are wholly related to a leasehold land with unexpired lease period of less than 50 years. The prepaid lease payments are not transferable and have a remaining tenure of 31 years (2024: 32 years). Refer to Note 6(c) for the impairment assessment of building and right-of-use assets.

(c) Security

Certain leasehold lands and with net carrying amount of RM12,374,312 (2024: RM15,403,943) have been charged to licensed banks for banking facilities granted to subsidiaries (Note 19).

8. INVESTMENT PROPERTIES

	Group	
	31.12.2025	31.12.2024
	RM	RM
Cost		
At 1 January/31 December	<u>10,491,946</u>	<u>10,491,946</u>
Accumulated depreciation		
At 1 January	2,935,693	2,789,854
Charge for the financial year	<u>145,838</u>	<u>145,839</u>
At 31 December	<u>3,081,531</u>	<u>2,935,693</u>
Carrying amounts		
At 31 December	<u>7,410,415</u>	<u>7,556,253</u>
Represented by:		
Leasehold land with unexpired lease period of more than 50 years	5,568,027	5,649,436
Buildings	<u>1,842,388</u>	<u>1,906,817</u>
	<u>7,410,415</u>	<u>7,556,253</u>

Investment properties comprise two (2024: two) commercial properties that are leased to third parties. The leases are renewable on yearly basis. No contingent is charged.

8. INVESTMENT PROPERTIES (CONTINUED)

The fair value of the investment properties are as follows:

	Group	
	31.12.2025	31.12.2024
	RM	RM
At 31 December	<u>24,365,100</u>	<u>24,365,100</u>

The Group estimates the fair value of its investment properties based on the comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities.

The disclosure of fair value above was measured at the reporting date using the following method:

Significant unobservable inputs (Level 3)

The valuation of commercial property is based on market comparable approach. The significant unobservable input is yield adjustment based on directors' assumptions. The yield adjustments are made for any difference in the nature, location or condition of the specific property.

The following are recognised in profit or loss in respect of investment properties:

	Group	
	31.12.2025	31.12.2024
	RM	RM
Rental income	(1,378,080)	(1,563,908)
Direct operating expenses	<u>219,909</u>	<u>129,806</u>

Investment properties of the Group amounting to RM7,410,415 (2024: RM7,556,253) has been charged to a licensed bank for credit facilities granted to a subsidiary (Note 19).

The operating lease payments to be received are as follows:

	Group	
	31.12.2025	31.12.2024
	RM	RM
Less than one year	1,750,000	1,471,052
One to two years	1,870,000	1,142,784
More than two years	<u>660,000</u>	<u>1,047,552</u>
Total undiscounted lease payments	<u><u>4,280,000</u></u>	<u><u>3,661,388</u></u>

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	31.12.2025	31.12.2024
	RM	RM
Unquoted shares - at cost	37,578,006	37,578,006
Less: Impairment loss		
At 1 January	(1,001,571)	-
Impairment loss recognised for the financial year	(207,351)	(1,001,571)
At 31 December	(1,208,922)	(1,001,571)
	<u>36,369,084</u>	<u>36,576,435</u>
Capital contribution	20,730,322	20,730,322
Effect of movements in exchange rates	3,873,940	6,378,640
	<u>60,973,346</u>	<u>63,685,397</u>

Details of the subsidiaries are as follows:

Subsidiaries of the Company	Effective ownership interest		Country of incorporation	Principal activities
	2025	2024		
	%	%		
Kawan Food Manufacturing Sdn. Bhd.	100	100	Malaysia	Manufacturing and sale of frozen food products
KG Pastry Marketing Sdn. Bhd.	100	100	Malaysia	Investment property and rental of trucks
Kawan Food Confectionery Sdn. Bhd.	100	100	Malaysia	Investment holding
Kawan Food (Hong Kong) Limited*#	100	100	Hong Kong	Trading and distribution of frozen food products
KLBG Sdn. Bhd.	100	100	Malaysia	Manufacturing and exporting of frozen food products
Subsidiary of Kawan Food (Hong Kong) Limited				
Kawan Food (Nantong) Co., Ltd.@	100	100	The People's Republic of China	Ceased business

9. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Subsidiaries of the Company	Effective ownership interest		Country of incorporation	Principal activities
	2025 %	2024 %		
Subsidiary of Kawan Food Confectionery Sdn. Bhd.				
Tian Beverages Sdn. Bhd.	70	100	Malaysia	Engaged in the beverage industry, specialises in manufacturing, trading, distributing, importing and exporting concentrated syrups of various flavors as well as frozen fruit juices.
Subsidiary of KG Pastry Marketing Sdn. Bhd.				
Reka Innotech Sdn. Bhd. (Dormant) @	100	100	Malaysia	Investment holding and information technology.

* Audited by other member firms of RSM International

The capital contribution to Kawan Food (Hong Kong) Limited are interest free and are determined to form part of the Company's net investment in the subsidiary, hence are deemed as quasi-equity.

@ Not audited by member firms of RSM International

Following the completion of the allotment of shares in the subsidiary, Tian Beverages Sdn. Bhd. has become a 70% owned subsidiary of the Company. The effective equity interest in Tian Beverages Sdn. Bhd. has decreased from 100% to 70% as a result of allotment of shares to a non-controlling interest.

10. INVESTMENT IN A JOINT VENTURE

	Group	
	31.12.2025	31.12.2024
	RM	RM
Unquoted shares - at cost	2,600,000	2,600,000
Share of post-acquisition loss	(541,153)	(361,326)
Impairment loss	(2,058,847)	-
	<u>-</u>	<u>2,238,674</u>

Details of the joint venture are as follows:

Joint venture of the Group	Effective ownership interest		Country of incorporation	Principal activities
	2025	2024		
	%	%		
Kawan2Nature Sdn. Bhd. *^#	40	40	Malaysia	Venture into biocompost business

* On 9 November 2023, the Group has subscribed 2,500,000 redeemable preference shares in Kawan Biotech Sdn. Bhd. for a total cash consideration of RM2,500,000. Kawan Biotech Sdn. Bhd. is the subsidiary of Kawan2Nature Sdn. Bhd.

^ On 16 December 2022, the Group has established and registered a joint venture company with Good2Nature Sdn. Bhd. On 20 January 2023, the Group had via one of its wholly own subsidiaries, entered into a Joint Venture Agreement with Good2Nature Sdn. Bhd., which is the counterparty of the joint venture.

No summarised financial information has been disclosed as the directors of the Group regarded the financial information as immaterial to the Group.

The joint venture has incurred recurring losses since financial year 2023. Based on management's assessment as at 31 December 2025, the recoverable amount of the investment was determined to be lower than its carrying amount. Accordingly, a full impairment loss on the investment in the joint venture was recognised for the financial year ended 31 December 2025.

11. OTHER INVESTMENTS

	Shares quoted in Malaysia RM	
Group		
31.12.2025		
Current		
Financial assets at fair value through profit or loss		<u>7,816,903</u>
Market value of quoted investments		<u>7,816,903</u>
31.12.2024		
Current		
Financial assets at fair value through profit or loss		<u>8,377,211</u>
Market value of quoted investments		<u>8,377,211</u>
	Company	
	31.12.2025	31.12.2024
	RM	RM
Non-current		
At cost		
Redeemable Cumulative Preference Shares (Unquoted shares)	<u>122,000,000</u>	<u>122,000,000</u>
Dividends recognised in profit or loss	<u>5,294,800</u>	<u>5,294,800</u>

12. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities			Net		
	31.12.2025	Restated 31.12.2024	Restated 01.01.2024	Restated 31.12.2024	Restated 01.01.2024	Restated 31.12.2024	Restated 01.01.2024	
	RM	RM	RM	RM	RM	RM	RM	
Property, plant and equipment	686,098	686,098	76,800	(17,262,937)	(19,867,016)	(16,576,839)	(19,180,918)	(16,923,891)
Provisions	4,314,742	4,210,157	3,510,945	-	-	4,314,742	4,210,157	3,510,945
Others	-	(361,910)	948,146	(45,165)	-	(45,165)	(361,910)	948,146
Deferred tax assets/ (liabilities)	5,000,840	4,534,345	4,535,891	(17,308,102)	(19,867,016)	(12,307,262)	(15,332,671)	(12,464,800)
Set off	(4,314,742)	(3,848,247)	(3,994,972)	4,314,742	3,848,247	-	-	-
Net deferred tax assets/ (liabilities)	686,098	686,098	540,919	(12,993,360)	(16,018,769)	(12,307,262)	(15,332,671)	(12,464,800)

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Recognised deferred tax assets/(liabilities) (continued)

Movement in temporary differences during the financial year:

	At 1.1.2023		Prior year adjustment		Recognised in profit or loss		Recognised in other comprehensive loss (Note 28)		Restated 31.12.2023/ 1.1.2024		Prior year adjustment		Recognised in profit or loss		Recognised in other comprehensive income (Note 28)		Restated 31.12.2024		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
Group																			
Property, plant and equipment	(19,952,205)	76,800	2,951,564						(16,923,841)	609,298	(3,159,803)							(19,474,346)	
Provisions	3,269,766	-	241,179						3,510,945	-	(1,722,535)							1,788,410	
Others	4,443,850	-	(3,495,704)					(50)	948,096	-	1,405,141							2,353,265	
	(12,238,589)	76,800	(302,961)				(50)	(50)	(12,464,800)	609,298	(3,477,197)							(15,332,671)	

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Recognised deferred tax assets/(liabilities) (continued)

Movement in temporary differences during the financial year: (continued)

Group	Restated 31.12.2024 RM	Recognised in profit or loss RM	Recognised in other comprehensive income (Note 28) RM	At 31.12.2025 RM
Property, plant and equipment	(19,474,346)	2,603,948	-	(16,870,398)
Provisions	1,788,410	104,585	-	1,892,995
Others	2,353,265	316,773	103	2,670,141
	(15,332,671)	3,025,306	103	(12,307,262)

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

As at 31 December 2025, the Group has the following deferred tax assets which are not recognised in the financial statements due to uncertainty in the availability of future taxable income:

	Group	
	31.12.2025	31.12.2024
	RM	RM
Property, plant and equipment	(939)	(939)
Unabsorbed capital allowances	115,278	114,880
Unutilised tax losses	379,022	311,751
	<u>493,361</u>	<u>425,692</u>

As at 31 December 2025, the Group has unabsorbed capital allowances and unutilised tax losses of approximately RM476,414 (2024: RM478,667) and RM1,784,402 (2024: RM1,298,963) respectively, which are available to set off against future chargeable income.

The unabsorbed capital allowances are available indefinitely for offset against future taxable profits.

With effect from year of assessment (“YA”) 2019, the period for unutilised tax losses carried forward is limited to 10 consecutive YAs. Any balance of unutilised tax losses after the end of the period of 10 consecutive YAs is to be disregarded.

		Group	
		2025	2024
		RM	RM
YA2019	Disregarded from YA2029	283,596	300,817
YA2020	Disregarded from YA2030	532,821	532,821
YA2021	Disregarded from YA2031	106,248	106,248
YA2022	Disregarded from YA2032	177,611	177,611
YA2023	Disregarded from YA2033	64,219	64,219
YA2024	Disregarded from YA2034	144,828	117,247
YA2025	Disregarded from YA2035	475,079	-
		<u>1,784,402</u>	<u>1,298,963</u>

Deferred tax assets have not been recognised in respect of these items because it is not probable that the subsidiaries will be able to generate sufficient taxable profits to utilise them.

13. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		31.12.2025 RM	31.12.2024 RM	31.12.2025 RM	31.12.2024 RM
Trade					
Trade receivables	(a)	81,035,707	110,368,688	-	-
Less: Impairment loss					
- Individual impairment losses		(170,382)	(887,327)	-	-
- Collective impairment losses		(2,449,050)	(629,947)	-	-
Effect of movements in exchange rates		12,073	38,470	-	-
		<u>(2,607,359)</u>	<u>(1,478,804)</u>	-	-
		78,428,348	108,889,884	-	-
Non-trade					
Amount due from subsidiaries	(b)	-	-	5,294,800	5,295,630
Other receivables		<u>3,492,037</u>	<u>1,908,042</u>	<u>2,000</u>	<u>29,902</u>
		<u>3,492,037</u>	<u>1,908,042</u>	<u>5,296,800</u>	<u>5,325,532</u>
		<u>81,920,385</u>	<u>110,797,926</u>	<u>5,296,800</u>	<u>5,325,532</u>

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (31.12.2024: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group is amount of RM8,783,637 (31.12.2024: RM20,022,142) due from companies in which certain directors have interests and held directorship.

(b) Amount due from subsidiaries

Amount due from subsidiaries is unsecured, interest free and receivable on demand.

14. INVENTORIES

	Group	
	31.12.2025	31.12.2024
	RM	RM
At cost		
Raw materials	4,666,982	4,365,987
Packing materials	3,604,816	3,552,059
Finished goods	26,665,848	27,562,507
Spare parts	5,479,559	6,032,605
Goods-in-transit	951,985	489,844
	<u>41,369,190</u>	<u>42,003,002</u>
Less: Allowance for slow moving inventories		
At beginning of the financial year	(4,603,496)	(2,713,547)
Allowance during the financial year	-	(4,603,496)
Written off	1,954,411	-
Allowance no longer required	500,143	2,713,547
At end of the financial year	<u>(2,148,942)</u>	<u>(4,603,496)</u>
	<u>39,220,248</u>	<u>37,399,506</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	160,030,993	191,425,234
Inventories written off	<u>1,134,363</u>	<u>3,052,750</u>

15. CASH AND BANK BALANCES AND SHORT-TERM INVESTMENTS

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM	RM	RM	RM
Money market funds with licensed fund management companies				
- redeemable at call	909,620	412,787	216,064	211,107
- redeemable upon 1 day notice	58,870,024	15,694,839	29,968,326	2,072,987
	<u>59,779,644</u>	<u>16,107,626</u>	<u>30,184,390</u>	<u>2,284,094</u>
Cash and bank balances	38,620,193	55,412,885	1,917,487	7,612,507
	<u>98,399,837</u>	<u>71,520,511</u>	<u>32,101,877</u>	<u>9,896,601</u>

16. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	31.12.2025	31.12.2024	31.12.2025 RM	31.12.2024 RM
<i>Issued and fully paid with no par value</i>				
At 1 January	364,036,612	362,581,760	187,531,472	184,889,706
Issued for cash under Employees' Share Options Scheme	-	1,454,852	-	2,641,766
At 31 December	<u>364,036,612</u>	<u>364,036,612</u>	<u>187,531,472</u>	<u>187,531,472</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

17. TREASURY SHARES

	Group and Company	
	31.12.2025 RM	31.12.2024 RM
At cost		
At 1 January	(38,380,837)	(24,244,909)
Acquired during the financial year	<u>(4,891,022)</u>	<u>(14,135,928)</u>
At 31 December	<u>(43,271,859)</u>	<u>(38,380,837)</u>

The shares purchased can be retained as treasury shares, distributed as dividend, transferred, resold or subsequently cancelled in accordance with Section 127 of the Companies Act 2016.

18. RESERVES

	31.12.2025	Group Restated 31.12.2024	Restated 01.01.2024
	RM	RM	RM
<i>Non-distributable:</i>			
Foreign currency translation reserve	7,288,470	7,672,787	8,147,741
ESOS share options reserve	4,512,128	3,617,870	2,190,502
	<u>11,800,598</u>	<u>11,290,657</u>	<u>10,338,243</u>
<i>Distributable:</i>			
Retained earnings	<u>223,072,521</u>	<u>224,995,880</u>	<u>217,735,310</u>
	<u>234,873,119</u>	<u>236,286,537</u>	<u>228,073,553</u>

	Company	
	31.12.2025	31.12.2024
	RM	RM
<i>Non-distributable:</i>		
ESOS share options reserve	4,512,128	3,617,870
<i>Distributable:</i>		
Retained earnings	<u>60,510,965</u>	<u>46,374,781</u>
	<u>65,023,093</u>	<u>49,992,651</u>

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than Ringgit Malaysia (“RM”).

	Group	
	31.12.2025	31.12.2024
	RM	RM
At 1 January	7,672,787	8,147,741
Foreign currency translation during the financial year	<u>(384,317)</u>	<u>(474,954)</u>
At 31 December	<u>7,288,470</u>	<u>7,672,787</u>

18. RESERVES (CONTINUED)

Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

Share-based payments arrangement

Share option programme (equity settled)

On 31 May 2018, the shareholders of the Company approved the Employees' Share Options Scheme. In accordance with this programme, holders of vested options are entitled to purchase shares at the market price of the shares at the date of grant.

The terms and conditions related to the grant of the share option scheme are as follows; all options are to be settled by physical delivery of shares:

Grant date/employee entitled	Number of options	Contractual life of options	Exercisable period
31.12.2025			
Option granted to eligible employees on 27 September 2025	760,000	3 years	1 January 2026 to 31 December 2028
Option granted to eligible employees on 27 September 2025	760,000	2 years	1 January 2027 to 31 December 2028
Option granted to eligible employees on 27 September 2025	760,000	1 year	1 January 2028 to 30 September 2028
Total share options	<u>2,280,000</u>		
31.12.2024			
Option granted to eligible employees on 19 September 2024	945,000	3 years	1 January 2025 to 31 December 2027
Option granted to eligible employees on 19 September 2024	945,000	2 years	1 January 2026 to 31 December 2027
Option granted to eligible employees on 19 September 2024	945,000	1 year	1 January 2027 to 31 December 2027
Total share options	<u>2,835,000</u>		

No vesting conditions for options offered.

18. RESERVES (CONTINUED)

Share-based payments arrangement (continued)

Share option programme (equity settled) (continued)

The number and weighted average exercise process of shares options are as follows:

	31.12.2025	31.12.2024
	Number of options	Number of options
Outstanding at 1 January	27,376,148	30,010,000
Granted during the financial year	2,280,000	2,835,000
Exercised during the financial year	-	(1,454,852)
Recycled during the financial year	(3,150,879)	(4,014,000)
Outstanding at 31 December	<u>26,505,269</u>	<u>27,376,148</u>
Exercisable at 31 December	<u>15,940,269</u>	<u>8,631,148</u>

During the financial year, the share options granted have an exercise price of RM0.90 to RM1.07 (2024: RM1.65 to RM1.69) and contractual life of 3 years (2024: 3 years).

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using trinomial option pricing model, with the following inputs:

	31.12.2025	31.12.2024
	RM	RM
Fair value of share options and assumptions		
Fair value at grant date	<u>0.1712</u>	<u>0.1754</u>
Weighted average share price	1.086	1.681
Share price at grant date	1.00 to 1.10	1.65 to 1.69
Expected volatility (weighted average volatility)	26.41%	16.99%
Options life (expected weighted average life)	3 years	3 years
Expected dividends	4.49%	2.49%
Risk-free interest rate (based on Malaysia Government Securities)	<u>3.114%</u>	<u>3.334%</u>

Value of employee services received for issue of share options:

	Group and Company	
	31.12.2025	31.12.2024
	RM	RM
Share options granted		
Total expenses recognised as shared-based payments	<u>894,258</u>	<u>1,427,368</u>

19. LOANS AND BORROWINGS

	Group	
	31.12.2025	31.12.2024
	RM	RM
Term loans		
Classified as:		
- current liability	-	<u>2,766,717</u>
 Present value of term loans		
Analysed as follows:		
- not later than 1 year	-	<u>2,766,717</u>

The Group's term loans are secured over certain leasehold lands and certain buildings of subsidiaries and subject to interest at rates ranging from 1.15% to 1.34% (2024: 1.15% to 1.34%) per annum (Notes 6, 7 and 8). During the financial year, the term loans has been fully repaid by the Group.

20. LEASE LIABILITIES

	Group	
	31.12.2025	31.12.2024
	RM	RM
Minimum lease payments:		
Repayable within one year	<u>7,104</u>	-
	7,104	-
Less: Future finance charges	<u>(59)</u>	-
Present value of lease liabilities	<u>7,045</u>	-
 Present value of lease liabilities:		
Repayable within one year	<u>7,045</u>	-
	<u>7,045</u>	-

The lease liabilities of the Group bear effective interest rate at 0.28% (31.12.2024: Nil) per annum.

21. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		31.12.2025 RM	31.12.2024 RM	31.12.2025 RM	31.12.2024 RM
Trade					
Trade payables	(a)	<u>18,643,493</u>	<u>20,932,194</u>	<u>-</u>	<u>-</u>
Non-trade					
Other payables		11,721,113	7,044,914	703,964	28,972
Accruals		14,694,497	21,073,434	290,014	135,868
Amount due to a subsidiary	(b)	<u>-</u>	<u>-</u>	<u>10,255,630</u>	<u>2,142,783</u>
		<u>26,415,610</u>	<u>28,118,348</u>	<u>11,249,608</u>	<u>2,307,623</u>
		<u>45,059,103</u>	<u>49,050,542</u>	<u>11,249,608</u>	<u>2,307,623</u>

(a) Trade payables

- (i) Credit terms of trade payables are ranging from 30 to 60 days (31.12.2024: 30 to 60 days).
- (ii) Included in trade payables of the Group is an amount of RM221,251 (31.12.2024: RM420,502) due to companies in which certain directors have interests.

(b) Amount due to a subsidiary

Amount due to a subsidiary is unsecured, interest free and repayable on demand.

22. REVENUE

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM	RM	RM	RM
Revenue from contracts with customers	252,938,934	317,548,594	-	-
Others				
- dividends	-	-	29,096,800	44,365,099
	<u>252,938,934</u>	<u>317,548,594</u>	<u>29,096,800</u>	<u>44,365,099</u>
Revenue from contracts with customers in primary geographical markets				
Malaysia	139,414,113	135,986,336	29,096,800	44,365,099
North America	42,493,209	75,679,728	-	-
Rest of Asia	32,393,620	47,034,541	-	-
Europe	27,578,142	43,058,442	-	-
Oceania	9,958,216	14,372,644	-	-
Africa	1,101,634	1,416,903	-	-
	<u>252,938,934</u>	<u>317,548,594</u>	<u>29,096,800</u>	<u>44,365,099</u>
Timing of recognition				
At a point in time	<u>252,938,934</u>	<u>317,548,594</u>	<u>29,096,800</u>	<u>44,365,099</u>

Nature of goods	Timing of recognition	Significant payment terms	Variable element in consideration	Obligation for returns or refund	Warranty
Frozen food products	Revenue is recognised when it transfers control over a product to customer	Local sales: Credit period of 30 to 90 days from invoice date Export sales: Telegraphic transfer at sight and telegraphic transfer 90 days from bill of lading date	Discounts, rebates and incentives are given to customers on a case-by case basis.	Not applicable	Not applicable

23. OTHER INCOME

	Group		Company	
	31.12.2025 RM	31.12.2024 RM	31.12.2025 RM	31.12.2024 RM
Rental income	3,802,556	4,704,956	-	-
Other income	<u>1,229,297</u>	<u>1,979,043</u>	<u>214,772</u>	<u>-</u>
	<u>5,031,853</u>	<u>6,683,999</u>	<u>214,772</u>	<u>-</u>

24. FINANCE INCOME

	Group		Company	
	31.12.2025 RM	31.12.2024 RM	31.12.2025 RM	31.12.2024 RM
Interest income of financial assets calculated using the effective interest method that are at fair value through profit or loss:				
- money market funds with licensed fund management companies	<u>761,088</u>	<u>1,199,590</u>	<u>154,391</u>	<u>98,535</u>

25. FINANCE COSTS

	Group		Company	
	31.12.2025 RM	31.12.2024 RM	31.12.2025 RM	31.12.2024 RM
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- term loans, secured	25,950	117,318	-	-
Bank charges	<u>174,217</u>	<u>193,897</u>	<u>3,081</u>	<u>53,832</u>
	<u>200,167</u>	<u>311,215</u>	<u>3,081</u>	<u>53,832</u>

26. PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging/(crediting):

	Group		Company	
	31.12.2025 RM	Restated 31.12.2024 RM	31.12.2025 RM	31.12.2024 RM
Auditor's remuneration:				
- audit fees	272,425	288,896	65,700	60,000
- non-audit fees	8,000	8,000	8,000	8,000
Depreciation of investment properties	145,838	145,839	-	-
Depreciation of property, plant and equipment	20,397,231	18,783,706	-	-
Depreciation of right-of-use assets	333,182	338,638	-	-
	20,876,251	19,268,183	-	-
Employees' share options scheme expenses	894,258	1,427,368	894,258	1,427,368
Fair value loss on financial assets	560,308	477,633	-	-
Loss on disposal of property, plant and equipment	137,471	1,912,371	-	-
Loss on disposal of investment in quoted shares	-	385,380	-	-
Impairment loss on investment in joint venture	2,058,847	-	-	-
Impairment loss on investment in subsidiaries	-	-	207,351	1,001,571
Impairment loss/ (Reversal of impairment loss) on trade receivables:				
- collective impairment loss	1,838,386	396,188	-	-
- individual impairment loss	170,382	-	-	-
- collective impairment loss	-	(455,313)	-	-
- individual impairment loss	(868,140)	(147,989)	-	-
	1,140,628	(207,114)	-	-

26. PROFIT BEFORE TAXATION (CONTINUED)

Profit before taxation is arrived after charging/(crediting): (continued)

	Group		Company	
	31.12.2025 RM	Restated 31.12.2024 RM	31.12.2025 RM	31.12.2024 RM
Personnel expenses (including key management personnel):				
- contributions to state plans	3,254,361	3,920,875	-	-
- wages, salaries and others	50,277,080	53,167,675	142,587	210,500
Property, plant and equipment written off	3,409	1,451,034	-	-
Provision for slow moving inventories	-	4,603,496	-	-
Provision for slow moving inventories no longer required	(500,143)	(2,713,547)	-	-
Rental expenses (#) in respect of:				
- coldroom	-	637	-	-
- storage	197,026	48,245	-	-
- hostel	630,464	944,540	-	-
	827,490	993,422	-	-
Rental income from:				
- investment properties	(1,378,080)	(1,563,908)	-	-
- office and factory	(158,471)	(441,972)	-	-
- coldroom	(2,266,005)	(2,699,076)	-	-
	(3,802,556)	(4,704,956)	-	-
Inventories written off (Gain)/Loss on foreign exchange:				
- unrealised	2,857,507	(1,199,356)	2,636,467	728,149
- realised	4,096,798	3,220,182	-	-
	6,954,305	2,020,826	2,636,467	728,149
Share of loss of a joint venture	179,827	361,326	-	-

For short-term leases with lease term of 12 months or less and for leases of low value assets, the Group has availed the exemption in MFRS 16 not to recognise the right-of-use assets and lease liabilities. Instead, payments made for these leases are recognised as expense when incurred.

27. TAXATION

	Group		Company	
	31.12.2025 RM	Restated 31.12.2024 RM	31.12.2025 RM	31.12.2024 RM
Current tax				
Malaysia				
- current	6,345,922	6,874,225	6,928	-
- (over)/under provision in prior financial years	(1,055,910)	(266,902)	-	11,133
Overseas				
- current	414,426	33,653	-	-
- under provision in prior financial year	935,209	-	-	-
	<u>6,639,647</u>	<u>6,640,976</u>	<u>6,928</u>	<u>11,133</u>
Deferred tax				
- original and reversal of temporary differences	(2,022,179)	1,129,617	-	-
- (over)/under provision in prior financial years	(1,003,127)	1,738,282	-	-
	<u>(3,025,306)</u>	<u>2,867,899</u>	<u>-</u>	<u>-</u>
Total tax expense	<u>3,614,341</u>	<u>9,508,875</u>	<u>6,928</u>	<u>11,133</u>

27. TAXATION (CONTINUED)

A reconciliation of income tax expenses applicable to profit before taxation within the applicable statutory income tax rate is as follows:

	Group		Company	
	31.12.2025 RM	Restated 31.12.2024 RM	31.12.2025 RM	31.12.2024 RM
Profit before taxation	<u>11,736,249</u>	<u>41,159,819</u>	<u>24,340,865</u>	<u>40,885,395</u>
Income tax calculated using Malaysian tax rate of 24% (2024: 24%)	2,816,700	9,878,357	5,841,808	9,812,495
Tax effects in respect of:				
Non-deductible expenses	2,225,208	1,008,661	963,975	859,084
Non-taxable income	(8,633)	(307)	-	(307)
Tax exempt income	(54,019)	(612,284)	(6,798,855)	(10,671,272)
Reinvestment allowance incentive	-	(2,200,395)	-	-
Effect of deferred tax assets not recognised	67,669	30,230	-	-
Others	<u>(308,756)</u>	<u>(66,767)</u>	<u>-</u>	<u>-</u>
	4,738,169	8,037,495	6,928	-
(Over)/Under provision:				
- current tax	(120,701)	(266,902)	-	11,133
- deferred tax	<u>(1,003,127)</u>	<u>1,738,282</u>	<u>-</u>	<u>-</u>
	<u>3,614,341</u>	<u>9,508,875</u>	<u>6,928</u>	<u>11,133</u>

28. OTHER COMPREHENSIVE LOSS

	Group	
	31.12.2025	Restated 31.12.2024
	RM	RM
Foreign currency translation loss for foreign operations during the financial year	(384,420)	(474,982)
Less: Tax income	103	28
Net of tax	<u>(384,317)</u>	<u>(474,954)</u>

29. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2025 was based on the profit attributable to owners of the Company of RM8,121,908 (2024: RM31,417,999) and a weighted average number of ordinary shares outstanding of 349,482,027 (2024: 31,417,999).

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2025 was based on the profit attributable to owners of the Company of RM8,121,908 (2024: RM31,650,944) and a weighted average number of ordinary shares outstanding of 367,917,175 (2024: 373,101,211) after adjustment for the effect of dilutive potential ordinary shares relating to Employees' Share Option Scheme ("ESOS").

30. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM	Date of payment
31.12.2025			
Interim 2025 ordinary - single tier	1.0	<u>3,396,023</u>	8 October 2025
		<u>3,396,023</u>	
31.12.2024			
Interim 2024 ordinary - single tier	4.2	14,703,023	2 April 2024
Second interim 2024 ordinary - single tier	2.8	9,687,351	20 December 2024
Final 2024 ordinary - single tier	2.0	<u>6,801,730</u>	27 March 2025
		<u>31,192,104</u>	

31. OPERATING SEGMENTS

The Group's reportable segments are organised in accordance with the Group entities, which are the Group's strategic business units. The strategic business units offer products to different markets and managed separately because they require different marketing strategies. For each of the strategic business units, the Group Managing Director (the chief operating decision maker) reviews internal management reports at least on a quarterly basis.

Performance is measured based on segment profit before tax, interest and depreciation, as included in the internal management reports that are reviewed by the Group Managing Director, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total assets are used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provide regularly to the Group Managing Director. Hence no disclosure is made on segment liabilities.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, investment properties and intangible assets other than goodwill.

31. OPERATING SEGMENTS (CONTINUED)

	Manufacturing and trading	
	31.12.2025	Restated 31.12.2024
	RM	RM
Group		
Reporting segment profit	<u>61,408,779</u>	<u>102,482,419</u>
Included in the measure of segment profit are:		
- revenue from external customers	252,938,934	317,548,594
- inter-company revenue	<u>131,153,401</u>	<u>206,453,294</u>
Not included in the measure of reporting segment profit but provided to Group Managing Director:		
- depreciation (Note 26)	(20,876,251)	(19,268,183)
- finance costs	(200,167)	(311,215)
- finance income	761,088	1,199,590
- income tax expense	<u>(3,614,341)</u>	<u>(9,508,875)</u>
Segment assets		
Included in the measure of segment assets are:		
- additions to non-current assets other than financial instruments and deferred tax assets	<u>7,764,157</u>	<u>25,659,715</u>
Reconciliation of reportable segment revenues, profit or loss, assets and other material items:		
	Group	
	31.12.2025	Restated 31.12.2024
	RM	RM
Profit or loss		
Total profit or loss for reportable segments	61,408,779	102,482,419
Elimination of inter-segment profits	(29,357,200)	(42,942,792)
Depreciation (Note 26)	(20,876,251)	(19,268,183)
Finance income	761,088	1,199,590
Finance costs	<u>(200,167)</u>	<u>(311,215)</u>
Consolidated profit/(loss) before tax	<u>11,736,249</u>	<u>41,159,819</u>

31. OPERATING SEGMENTS (CONTINUED)

	External revenue RM	Depreciation RM	Finance costs RM	Finance income RM	Segment assets RM
31.12.2025					
Total reportable segments	384,092,335	(20,876,251)	(200,167)	761,088	766,308,722
Elimination of inter-segment transactions or balances	(131,153,401)	-	-	-	(328,002,891)
Consolidated	<u>252,938,934</u>	<u>(20,876,251)</u>	<u>(200,167)</u>	<u>761,088</u>	<u>438,305,831</u>
31.12.2024 (Restated)					
Total reportable segments	524,001,888	(18,891,830)	(311,215)	1,199,590	880,030,239
Elimination of inter-segment transactions or balances	(206,453,294)	-	-	-	(421,856,475)
Prior year adjustments	-	(376,353)	-	-	(4,900,564)
Consolidated	<u>317,548,594</u>	<u>(19,268,183)</u>	<u>(311,215)</u>	<u>1,199,590</u>	<u>453,273,200</u>

Geographical segments

The manufacturing of frozen food products is carried out solely in Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

Geographical information

The geographical information is shown in Note 22.

Major customer

The Group has one (31.12.2024: one) major customer contributing approximately 11% (31.12.2024: 16%) of the Group's total revenue.

32. FINANCIAL INSTRUMENTS

- (a) Categories of financial instruments of the Group and of the Company are as follows:

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM	RM	RM	RM
Assets				
<i>Financial assets at amortised cost</i>				
- Other investments	-	-	122,000,000	122,000,000
- Trade and other receivables	81,920,385	110,797,926	5,296,800	5,325,532
- Cash and bank balances	38,620,193	55,412,885	1,917,487	7,612,507
	<u>120,540,578</u>	<u>166,210,811</u>	<u>129,214,287</u>	<u>134,938,039</u>
<i>Financial assets at fair value through profit or loss</i>				
- Other investments	7,816,903	8,377,211	-	-
- Short-term investments	59,779,644	16,107,626	30,184,390	2,284,094
	<u>67,596,547</u>	<u>24,484,837</u>	<u>30,184,390</u>	<u>2,284,094</u>
Liabilities				
<i>Financial liabilities at amortised cost</i>				
- Lease liabilities	7,045	-	-	-
- Loans and borrowings	-	2,766,717	-	-
- Trade and other payables	45,059,103	49,050,542	11,249,608	2,307,623
	<u>45,066,148</u>	<u>51,817,259</u>	<u>11,249,608</u>	<u>2,307,623</u>

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Net (losses)/gains arising from financial instruments

	Group		Company	
	31.12.2025 RM	31.12.2024 RM	31.12.2025 RM	31.12.2024 RM
Net (losses)/ gains on:				
Financial instruments at fair value through profit or loss				
Other investments - recognised in profit or loss	(560,308)	(477,633)	-	-
Short-term investments - recognised in profit or loss	761,088	1,199,590	154,391	98,535
	<u>200,780</u>	<u>721,957</u>	<u>154,391</u>	<u>98,535</u>

33. FINANCIAL RISK MANAGEMENT

The Group and the Company have exposure to the following risks from its use of financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, cash and cash equivalents and other investments.

(i) Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or directors of the Company are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables is credit impaired.

The gross carrying amount of credit impaired trade receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to write off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

At the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(i) Receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

When an account is more than 90 days past due, the credit risk is considered to have increased significantly since the initial recognition. The Group and the Company identify as a default account if it is more than 90 days past due and the customer is having significant financial difficulties (analysed by financial measures of reported losses, negative cash flows, and qualitative evaluation of the customer's characteristics). The Group and the Company classify an impaired receivable when a customer is in default, in liquidation or other financial reorganisation.

For each receivable, the lifetime Expected Credit Loss ("ECL") is recognised using the probability of default technique. The inputs used are: (i) the percent chance of default, and (ii) the expected cash shortfalls. The lifetime ECL is measured at the probability-weighted expected cash shortfalls by reference to the Group's past experience, current conditions and forecast of future economic benefits.

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was as follows:

	Group	
	31.12.2025	31.12.2024
	RM	RM
Malaysia	37,865,913	31,198,501
North America	19,948,347	38,406,451
Europe	7,740,709	18,017,571
Rest of Asia	11,661,147	15,212,234
Oceania	1,212,232	5,416,436
Africa	-	638,691
	<u>78,428,348</u>	<u>108,889,884</u>

At the end of the reporting period, the Group has no significant concentration of credit risk except for the amount due from one customer (2024: one customer) representing 14% (2024: 23%) of total trade receivables of the Group. The Group does not anticipate the carrying amount recorded at the end of each reporting period to be significantly different from the value that would eventually be received.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(i) Receivables (continued)

Impairment losses

The ageing analysis of trade receivables as at the end of the reporting period was:

Group	Gross amount RM	Individual impairment RM	Collective impairment RM	Effect of movements in exchange rates RM	Net amount RM
31.12.2025					
Not past due	44,389,556	-	(20,995)	8,350	44,376,911
Past due 1-30 days	13,746,632	-	(16,623)	1,417	13,731,426
Past due 31-90 days	15,298,461	-	(25,599)	1,947	15,274,809
Past due more than 90 days	7,601,058	(170,382)	(2,385,833)	359	5,045,202
Total past due	36,646,151	(170,382)	(2,428,055)	3,723	34,051,437
	81,035,707	(170,382)	(2,449,050)	12,073	78,428,348
31.12.2024					
Not past due	77,618,957	-	(569)	22,294	77,640,682
Past due 1-30 days	14,631,501	-	(1,469)	4,413	14,634,445
Past due 31-90 days	11,968,737	-	(3,592)	4,528	11,969,673
Past due more than 90 days	6,149,493	(887,327)	(624,317)	7,235	4,645,084
Total past due	32,749,731	(887,327)	(629,378)	16,176	31,249,202
	110,368,688	(887,327)	(629,947)	38,470	108,889,884

For balances which are past due but not impaired, management is monitoring individual balances closely and is confident of repayment based on subsequent collections after year end past repayment trends of these customers.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(i) Receivables (continued)

Impairment losses (continued)

The allowance account is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The impairment loss as at end of reporting period was:

	Group	
	31.12.2025	31.12.2024
	RM	RM
At 1 January	1,478,804	1,724,388
Impairment loss recognised:		
- Individual impairment loss	170,382	-
- Collective impairment loss	1,838,386	396,188
Impairment loss no longer required:		
- Individual impairment loss	(868,140)	(147,989)
- Collective impairment loss	-	(455,313)
Effect of movements in exchange rates	(12,073)	(38,470)
At 31 December	<u>2,607,359</u>	<u>1,478,804</u>

(ii) Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risk. Consequently, the Group and the Company are of the view that the loss allowances are not material and hence, it is not provided for.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(iii) Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group and the Company provide unsecured financial guarantees to third parties and banks in respect of banking facilities granted to subsidiaries.

Exposure to credit risk, credit quality and collateral

The table below summarised the maximum exposure to credit risk of the Group and of the Company as at the end of the reporting period:

	Group	
	31.12.2025	31.12.2024
	RM	RM
Corporate guarantees issued in favour of third parties	<u>2,029,187</u>	<u>2,036,158</u>
	Company	
	31.12.2025	31.12.2024
	RM	RM
Corporate guarantees to licensed banks for banking facilities granted to subsidiaries, representing the outstanding loan amounts of the subsidiaries (Note 19)	<u>-</u>	<u>2,766,717</u>

(iv) Inter-company advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay advances on an individual basis.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(iv) Inter-company advances (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Advances provided are not secured by any collateral or supported by any other credit enhancements.

Advances are only provided to subsidiaries which are wholly owned by the Company.

Recognition and measurement of impairment losses

Generally, the Company considers advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's advances to be credit impaired when:

- the subsidiary is unlikely to repay its advance to the Company in full;
- the subsidiary's advance is overdue for more than 365 days; or
- the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

As at the end of the reporting period, there was no indication that the advance to the subsidiaries are not recoverable.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, corporate guarantees, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Less than 1 year RM
Group				
31.12.2025				
<i>Non-derivative financial liabilities</i>				
Lease liabilities	7,045	0.28%	7,104	7,104
Trade and other payables	45,059,103	-	45,059,103	45,059,103
	<u>45,066,148</u>		<u>45,066,207</u>	<u>45,066,207</u>
Financial guarantees* (Note 33(a)(iii))	-	-	2,029,187	2,029,187
31.12.2024				
<i>Non-derivative financial liabilities</i>				
Loans and borrowings	2,766,717	1.15% - 1.34%	2,803,791	2,803,791
Trade and other payables	49,050,542	-	49,050,542	49,050,542
	<u>51,817,259</u>		<u>51,854,333</u>	<u>51,854,333</u>
Financial guarantees* (Note 33(a)(iii))	-	-	2,036,158	2,036,158

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (continued)

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Less than 1 year RM
Company				
31.12.2025				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	11,249,608	-	11,249,608	11,249,608
31.12.2024				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	2,307,623	-	2,307,623	2,307,623
Financial guarantees* (Note 33(a)(iii))	-	-	2,766,717	2,766,717

*As at end of the reporting period, there was no indication that the subsidiaries would default on repayment. Hence, the financial guarantees have not been recognised. The disclosure represents the maximum amount that is required to be settled in the event of the triggering event.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's and the Company's financial position or cash flows.

(i) Currency risk

The Group and the Company are exposed to foreign currency risk on sales, purchases and cash and cash equivalents that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Australia Dollar ("AUD"), Euro ("EURO"), British Pound Sterling ("GBP"), Hong Kong Dollar ("HKD"), Renminbi ("RMB"), Singapore Dollar ("SGD") and United States Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The Group and the Company manage its foreign currency exposure by matching as far as possible receipts and payments in each individual currency. The Group's and the Company's exposure to foreign currency risk is monitored on an ongoing basis. The Group and the Company enter into forward exchange contracts in the normal course of business, where appropriate, to manage its exposure against foreign currency fluctuations on sales and purchase transactions denominated in foreign currencies.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(i) Currency risk (continued)

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts at the end of the reporting period was:

	EURO RM	GBP RM	HKD RM	RMB RM	SGD RM	USD RM
Group						
31.12.2025						
Trade and other receivables	-	-	-	402,206	1,213,887	2,823,341
Cash and cash equivalents	409,402	-	444,532	581,738	93,511	12,062,976
Trade and other payables	-	(2,047)	-	(77,510)	-	(1,011,800)
	409,402	(2,047)	444,532	906,434	1,307,398	13,874,517
31.12.2024						
Trade and other receivables	-	-	-	731	1,213,887	3,283,769
Cash and cash equivalents	21,120	-	370,201	830,360	1,720,173	7,275,818
Trade and other payables	(141,780)	-	-	(47,967)	(6,623)	(1,029,172)
	(120,660)	-	370,201	783,124	2,927,437	9,530,415
Company						
31.12.2025						
Cash and cash equivalents	-	-	-	-	-	1,291,255
31.12.2024						
Cash and cash equivalents	-	-	-	-	-	1,423,022

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(i) Currency risk (continued)

Currency risk sensitivity analysis

A 10% (31.12.2024: 10%) strengthening of the following currencies against the Ringgit Malaysia (“RM”) at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant.

	Group Profit or loss		Company Profit or loss	
	31.12.2025 RM	31.12.2024 RM	31.12.2025 RM	31.12.2024 RM
EURO	31,115	(9,170)	-	-
GBP	(156)	-	-	-
HKD	33,784	28,135	-	-
RMB	68,889	59,517	-	-
SGD	99,362	222,485	-	-
USD	1,054,463	724,312	98,135	108,150
	<u>1,287,457</u>	<u>1,025,279</u>	<u>98,135</u>	<u>108,150</u>

A 10% (31.12.2024: 10%) weakening of the above currencies against the Ringgit Malaysia at the end of the reporting period would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(ii) Interest rate risk

The Group’s fixed rate deposits and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group’s variable rate borrowings are exposed to a risk of changes in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group’s and the Company’s exposure to interest rate risk mainly arises from its short-term funds, fixed deposits and borrowings and is managed through effective negotiation with financial institutions for best available rates.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group		Company	
	31.12.2025 RM	31.12.2024 RM	31.12.2025 RM	31.12.2024 RM
Floating rate instruments				
Financial assets	59,779,644	16,107,626	30,184,390	2,284,094
Financial liabilities	<u>-</u>	<u>(2,766,717)</u>	<u>-</u>	<u>-</u>

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

	Group		Company	
	100 bp increase RM	100 bp decrease RM	100 bp increase RM	100 bp decrease RM
31.12.2025				
Financial assets	<u>454,325</u>	<u>(454,325)</u>	<u>229,401</u>	<u>(229,401)</u>
31.12.2024				
Financial assets	122,418	(122,418)	17,359	(17,359)
Financial liabilities	<u>(21,027)</u>	<u>21,027</u>	<u>-</u>	<u>-</u>

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments (continued)

A change of 100 basis points (“bp”) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown above. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(iii) Price risk

Price risk is the risk that the fair value or future cash flow of the financial statements will fluctuate because of changes in market prices (other than currency or interest rate).

The Group and the Company are exposed to equity securities price risk arising from the investments held by the Group and the Company which are classified on the statements of financial position as fair value through profit or loss. These securities are listed in Malaysia. The Group and the Company are not exposed to commodity price risk. To manage its price risk arising from investments in equity, the Group and the Company diversify their portfolio.

A 5% (2024: 5%) decrease in share price at the end of the reporting period would have decreased profit by RM390,845 (2024: RM418,861) for quoted investments classified as fair value through profit or loss. A 5% (2024: 5%) increased in share price would have had equal but opposite effect on equity and profit respectively.

(d) Fair value of financial instruments

(i) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amount are a reasonable approximation of fair value

The Group’s financial assets and liabilities include cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings.

The carrying amount of these financial assets and liabilities are reasonable approximation of fair values, because these are short-term in nature or that they are floating rate instruments that are repriced to market interest rates on or near to the end of the reporting period.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value of financial instruments (continued)

(ii) Financial assets and liabilities measured at fair value

	Level 1 RM	Level 2 RM	Level 3 RM
Group			
31.12.2025			
Financial assets			
Investment in shares quoted in Malaysia	7,816,903	-	-
Short-term investments	59,779,644	-	-
<hr/>			
31.12.2024			
Financial assets			
Investment in shares quoted in Malaysia	8,377,211	-	-
Short-term investments	16,107,626	-	-
<hr/>			
Company			
31.12.2025			
Financial asset			
Short-term investments	30,184,390	-	-
<hr/>			
31.12.2024			
Financial asset			
Short-term investments	2,284,094	-	-
<hr/>			

The fair values of these financial assets that are quoted in an active market are determined by reference to the quoted closing bid price at the end of the reporting period.

(iii) Policy of transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value of financial instruments (continued)

(iii) Policy of transfer between levels (continued)

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2024: no transfer in either direction).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Valuation processes applied by the Group and the Company for Level 3 fair value

The Group and the Company use discounted cash flows in respect of the measurement of fair values of financial instruments. The management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

34. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a capital base adequate to safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with regulatory requirements.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by equity attributable to owners of the Company. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents.

34. CAPITAL MANAGEMENT (CONTINUED)

The debt-to-equity ratio of the Group at the end of the reporting period is as follows:

	Group	
	31.12.2025	Restated 31.12.2024
	RM	RM
Loans and borrowings	-	2,766,717
Trade and other payables	45,059,103	49,050,542
	<u>45,059,103</u>	<u>51,817,259</u>
Less: Cash and cash equivalents	<u>(98,399,837)</u>	<u>(71,520,511)</u>
Net debt	<u>(53,340,734)</u>	<u>(19,703,252)</u>
Equity attributable to owners of the Company (excluding treasury shares)	422,404,591	423,818,009
Debt-to-equity ratio	<u>-</u>	<u>-</u>

There was no change in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group and the Company are not subject to any externally imposed capital requirement.

35. CAPITAL COMMITMENTS

	Group	
	31.12.2025	31.12.2024
	RM	RM
<u>Capital expenditure commitments</u>		
Property, plant and equipment		
Contracted but not provided for:		
Within one year	<u>3,361,428</u>	<u>3,138,324</u>

36. DIRECTORS' REMUNERATION

The aggregate amounts of remuneration received and receivable by the directors of the Group and of the Company during the financial year are as follows:

	Note	Group		Company	
		31.12.2025 RM	31.12.2024 RM	31.12.2025 RM	31.12.2024 RM
Executive directors					
Fees		138,222	293,750	138,222	293,750
Salaries and bonuses		3,127,270	3,297,256	-	-
Defined contribution benefits		344,517	398,254	-	-
Benefits-in-kind		287,849	314,273	-	4,000
Other Remuneration		4,000	-	4,000	-
Meeting allowances	(a)	25,500	43,000	25,500	43,000
		<u>3,927,358</u>	<u>4,346,533</u>	<u>167,722</u>	<u>340,750</u>
Non-executive directors					
Fees		1,372,614	536,623	900,302	536,623
Salaries and bonuses		-	499,554	-	-
Defined contribution benefits		-	58,347	-	-
Benefits-in-kind		30,131	24,642	27,142	23,950
Other Remuneration		60,413	-	9,425	-
Meeting allowances	(a)	193,500	167,500	193,500	167,500
		<u>1,656,658</u>	<u>1,286,666</u>	<u>1,130,369</u>	<u>728,073</u>
		<u>5,584,016</u>	<u>5,633,199</u>	<u>1,298,091</u>	<u>1,068,823</u>

36. DIRECTORS' REMUNERATION (CONTINUED)

The number of directors of the Company whose income falls within the following bands are:

	Executive directors		Non-executive directors	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM	RM	RM	RM
RM150,000 and below	-	-	3	3
RM150,001 to RM200,000	-	-	3	4
RM200,001 to RM500,000	-	-	3	1
RM500,001 to RM1,000,000	3	2	-	-
RM1,000,001 and above	1	2	-	-
Total	<u>4</u>	<u>4</u>	<u>9</u>	<u>8</u>

- (a) Meeting allowances vary from one director to another, depending on the number of committees they sit on and the number of meetings attended during the financial year.

37. RELATED PARTIES

Identity of related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or of the Company or of a parent of the Company.

- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third party and the other entity is an associate of the third party.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the Company).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

The Group has related party relationship with its subsidiaries, jointly controlled entity, companies which certain directors have interest and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the transactions below are shown in Notes 13 and 21.

37. RELATED PARTIES (CONTINUED)

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM	RM	RM	RM
Subsidiaries				
Dividends income				
from investment in				
subsidiaries	-	-	23,802,000	39,070,299
Dividends income				
from other				
investments	-	-	5,294,800	5,294,800
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other related party transactions				
<i>Companies in which directors of the Company have interest:</i>				
Sales of goods	24,004,558	46,939,761	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Companies in which persons related to directors of the Company have interest:</i>				
Sales of goods	2,115,524	2,219,253	-	-
Purchase of goods	1,598,776	1,629,716	-	-
Rental of office	431,551	441,973	-	-
Provision of transportation service	33,343	75,236	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

37. RELATED PARTIES (CONTINUED)

	Group		Company	
	31.12.2025 RM	31.12.2024 RM	31.12.2025 RM	31.12.2024 RM
Key management personnel				
<i>Executive directors:</i>				
- fees	138,222	293,750	138,222	293,750
- remuneration	3,127,270	3,297,256	-	-
- defined contribution plans	344,517	398,254	-	-
- benefits-in-kind	287,849	314,273	-	4,000
- other remuneration	4,000	-	4,000	-
- meeting allowances	25,500	43,000	25,500	43,000
	<u>3,927,358</u>	<u>4,346,533</u>	<u>167,722</u>	<u>340,750</u>
<i>Other key management personnel:</i>				
- short-term employee benefits	3,522,032	3,788,582	-	-
- defined contribution plans	164,918	204,970	-	-
- benefits-in-kind	215	-	-	-
	<u>3,687,165</u>	<u>3,993,552</u>	<u>-</u>	<u>-</u>
Total compensation paid to key management personnel	<u>7,614,523</u>	<u>8,340,085</u>	<u>167,722</u>	<u>340,750</u>

Other key management personnel comprise persons other than the directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

38. COMPARATIVE FIGURES

In the current financial year, the Group has effected the following prior year adjustments:

- (i) In prior financial years, the Group did not account for its depreciation of property, plant and equipment appropriately due to errors in classification and depreciation computation. This has resulted in an understatement of the accumulated depreciation balance and an understatement of the depreciation charge for the year. This has now been corrected, resulting in decrease of RM4,524,211 and RM4,900,564 to the net carrying amount of property, plant and equipment as at 1 January 2024 and 31 December 2024 respectively and an increase in the depreciation expense for the financial year ended 31 December 2024 by RM376,353.

38. COMPARATIVE FIGURES (CONTINUED)

(ii) Certain comparative figures have been restated and reclassified to conform with current period's presentation as follows:

	As previously reported RM	Prior year adjustments RM	As restated RM
Increase/(Decrease):			
01.01.2024			
Statement of Financial Position			
Non-current asset			
Property, plant and equipment	195,999,221	(4,524,211)	191,475,010
Deferred tax assets	464,119	76,800	540,919
Equity			
Reserves	232,520,964	(4,447,411)	228,073,553
Statement of Changes in Equity			
Retained earnings	222,182,721	(4,447,411)	217,735,310
31.12.2024			
Statement of Comprehensive Income			
Cost of sales	(218,488,321)	(25,886)	(218,514,207)
Administrative expenses	(34,409,514)	(350,467)	(34,759,981)
Taxation	(10,118,173)	609,298	(9,508,875)

38. COMPARATIVE FIGURES (CONTINUED)

(ii) Certain comparative figures have been restated and reclassified to conform with current period's presentation as follows: (continued)

	As previously reported RM	Prior year adjustments RM	As restated RM
Increase/(Decrease):			
31.12.2024			
Statement of Financial Position			
Non-current asset			
Property, plant and equipment	194,939,750	(4,900,564)	190,039,186
Deferred tax assets	-	686,098	686,098
	<u>240,501,003</u>	<u>(4,214,466)</u>	<u>236,286,537</u>
Equity			
Reserves	229,210,346	(4,214,466)	224,995,880
	<u>41,536,172</u>	<u>(376,353)</u>	<u>41,159,819</u>
Statement of Cash Flows			
Cash Flows from Operating Activities			
Profit before taxation	18,407,353	376,353	18,783,706
Adjustments for:			
Depreciation of property, plant and equipment			

39. OTHER INFORMATION

- (a) The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.
- (b) The registered office of the Company is located at:

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor
- (c) The principal place of business of the Company is located at:

Lot 129351, Jalan Sungai Pinang 4/19
Taman Perindustrian Pulau Indah
Selangor Halal Hub, Fasa 2C
42920 Pulau Indah
Selangor Darul Ehsan
- (d) The financial statements are expressed in Ringgit Malaysia, which is also the Group's and the Company's functional currency.

40. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 29 April 2026.

KAWAN FOOD BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the directors of **KAWAN FOOD BERHAD (Registration No. 200401001942 (640445-V))** do hereby state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of their financial performance and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

GAN THIAM CHAI
Director

GAN KA BIEN
Director

Selangor

29 April 2026

Registration No.	200401001942 (640445-V)
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KAWAN FOOD BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **LEE FUI MENG**, being the officer primarily responsible for the financial management of **KAWAN FOOD BERHAD (Registration No. 200401001942 (640445-V))** do solemnly and sincerely declare that the accompanying financial statements are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

LEE FUI MENG
(MIA no. 31056)

Subscribed and solemnly declared
by the abovenamed at Kuala Lumpur
in the Federal Territory on 29 April 2026

Before me

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KAWAN FOOD BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kawan Food Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 10 to 98.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KAWAN FOOD BERHAD (CONTINUED)**

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><u>Impairment assessment and prior year adjustment of property, plant and equipment</u></p> <p><i>Refer to Note 6 – Property, plant and equipment, Note 7 - Right-of-use assets, Note 5 - Significant Accounting Estimates and Judgements and Note 38 – Comparative figures</i></p> <p>A subsidiary, Kawan Food (Nantong) Co. Ltd., which is audited by an auditor other than the Group's auditor, had ceased operations in the previous financial year, which gave rise to indicators of impairment over its property, plant and equipment and right-of-use asset.</p> <p>In the course of performing the impairment assessment, management identified certain assets that had been incorrectly classified as buildings instead of plant and equipment. As a result, inappropriate depreciation rates were applied, leading to under-depreciation in prior financial years.</p> <p>Management corrected these errors retrospectively by restating comparative amounts and the opening balances for the prior year presented.</p> <p>Accordingly, we focus on this area due to the significant judgment involved in assessing impairment following the cessation of operations, the use of valuation techniques and assumptions to determine recoverable amounts, and the magnitude of the restatement.</p>	<p><u>The details of our work performed are as follows:</u></p> <p>Our audit procedures focused on interviewing and holding discussions with management and the component auditor. Through reviewing and evaluating the work performed by the component auditor, our audit procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> • We have obtained an understanding of the methodology adopted by the external valuer in estimating the fair value of the land and building and evaluated the appropriateness and reasonableness of the methodology and assumptions; • We have considered the objectivity, competence and independence of the external valuer; • We have assessed management's restatement by reperforming depreciation calculations under the revised asset classification; and • We have assessed the appropriateness of the prior year adjustments.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KAWAN FOOD BERHAD (CONTINUED)**

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter																				
<p><u>Recoverability of trade receivables</u></p> <p><i>Refer to Note 3(d) – Material Accounting Policy Information, Note 5 – Significant Accounting Estimates and Judgements, and Note 13 – Trade and other receivables</i></p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td colspan="2" style="text-align: center;">Group</td> </tr> <tr> <td colspan="2" style="text-align: center;">31.12.2025</td> </tr> <tr> <td colspan="2" style="text-align: center;">RM</td> </tr> <tr> <td style="width: 60%;">Trade receivables</td> <td style="text-align: right;">81,035,707</td> </tr> <tr> <td>Less: Impairment loss</td> <td></td> </tr> <tr> <td>- Individual impairment losses</td> <td style="text-align: right;">(170,382)</td> </tr> <tr> <td>- Collective impairment losses</td> <td style="text-align: right;">(2,449,050)</td> </tr> <tr> <td>Effect of movements in exchange rates</td> <td style="text-align: right;">12,073</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>(2,607,359)</u></td> </tr> <tr> <td>Net trade receivables</td> <td style="text-align: right;"><u><u>78,428,348</u></u></td> </tr> </table> <p>The Group recorded trade receivables of RM78,428,348, net of impairment, which represented 18% of the Group's total assets as of 31 December 2025.</p> <p>The recoverability of trade receivables requires management judgement due to the credit risks associated with each individual trade receivables by reviewing customers' aging profile, credit history, status of subsequent settlement, and determining whether an impairment provision is required.</p> <p>We focused on this area as the determination of impairment provision requires management to make significant judgement and assumptions.</p>	Group		31.12.2025		RM		Trade receivables	81,035,707	Less: Impairment loss		- Individual impairment losses	(170,382)	- Collective impairment losses	(2,449,050)	Effect of movements in exchange rates	12,073		<u>(2,607,359)</u>	Net trade receivables	<u><u>78,428,348</u></u>	<p><u>The details of our work performed are as follows:</u></p> <ul style="list-style-type: none"> • We have obtained an understanding of the management control process in respect of determination of the expected credit loss ("ECL") and evaluated the design and implementation of the relevant controls; • We have tested the trade receivables ageing reports on a haphazard basis in order to place reliance on the ageing report; • We have reviewed subsequent collections of overdue amounts; and • For evaluation of the ECL model, we have: <ul style="list-style-type: none"> i. Checked that the trade receivables were grouped based on similar credit risk characteristics and age of receivables; ii. Checked that the expected loss rates were developed based on the historical credit loss rate; iii. Agreed upon the data inputs and checked the mathematical accuracy of the calculations; and iv. Assessed and considered the reasonableness of the forward-looking information included in management's assessment.
Group																					
31.12.2025																					
RM																					
Trade receivables	81,035,707																				
Less: Impairment loss																					
- Individual impairment losses	(170,382)																				
- Collective impairment losses	(2,449,050)																				
Effect of movements in exchange rates	12,073																				
	<u>(2,607,359)</u>																				
Net trade receivables	<u><u>78,428,348</u></u>																				

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KAWAN FOOD BERHAD (CONTINUED)

Key Audit Matters (cont'd)

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to be communicated in our auditors report.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KAWAN FOOD BERHAD (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KAWAN FOOD BERHAD (CONTINUED)**

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

RSM Malaysia PLT
202206000002 (LLP0030276-LCA) & AF 0768
Chartered Accountants

Ronald Teo Ming Keong
03674/07/2026 J
Chartered Accountant

Kuala Lumpur

29 April 2026

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